

## Message Text

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PAGE 01 STATE 118270  
ORIGIN EUR-12

INFO OCT-01 ISO-00 PM-04 CIAE-00 INR-07 NSAE-00 SS-15  
NSC-05 PRS-01 /045 R

DRAFTED BY OASD/ISA - COL. WALKER:NLS  
APPROVED BY EUR/NE -JJCROWLEY, JR.  
EUR/NE - DJDONCHI  
OASD/ISA - MR. GLITMAN

-----231939Z 010219 /43

R 231755Z MAY 77  
FM SECSTATE WASHDC  
TO AMEMBASSY REYKJAVIK  
INFO SECDEF  
COMICEDEFOR KEFLAVIK

C O N F I D E N T I A L STATE 118270

E.O. 11652: GDS

TAGS: PFOR, MARR, IC

SUBJECT: ICELANDIC AMBASSADOR'S MEETING WITH DEPSECDEF  
DUNCAN

1. AMBASSADOR ANDERSEN CALLED ON DEPSECDEF DUNCAN ON  
MAY 20 (ORIGINAL APPOINTMENT WITH SECDEF CANCELLED WHEN  
HE WAS SUMMONED TO WHITE HOUSE UNEXPECTEDLY) TO DISCUSS  
FOREIGN MINISTER AGUSTSSON'S SCHEDULED VISIT NEXT MONTH.  
ANDERSEN STATED THAT THERE HAS BEEN PROGRESS IN IMPLEMENT-  
ING THE 1974 UNDERSTANDINGS, E.G., BASE HOUSING, AIRPORT  
UPGRADING, AND GEOTHERMAL NEGOTIATIONS. HOWEVER,  
SEPARATION OF CIVILIAN AND MILITARY FACILITIES HAS NOT  
PROGRESSED, AND AGUSTSSON WILL UNDOUBTEDLY RAISE THE  
ISSUE DURING HIS VISIT. THE SEPARATION ISSUE HAD BEEN  
DISCUSSED WITHIN THE ICELANDIC GOVERNMENT BEFORE THE  
PRIME MINISTER MET WITH VICE PRESIDENT MONDALE, AND WAS  
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CONSIDERED A BASIC POLICY ISSUE FOR GOI. THE REQUEST  
FOR ASSISTANCE IN BUILDING THE TERMINAL WAS MADE BECAUSE  
OF ECONOMIC PROBLEMS IN ICELAND, AND THE US DECISION NOT  
TO FUND A NEW CIVILIAN TERMINAL WOULD HURT THE SUPPORTERS  
OF IDF PRESENCE IN THE COMING ELECTION.

2. MR. DUNCAN OBSERVED THAT THE \$25 MILLION MILCON FOR

ANCILLARY CONSTRUCTION IS A SUBSTANTIAL CONTRIBUTION.

IF THE PROSPECT OF THE \$25 MILLION MILCON CONTRIBUTION WERE PROPERLY PRESENTED TO THE ICELANDIC PEOPLE, IT SHOULD MAKE CLEAR US WILLINGNESS TO COOPERATE WITH ICELAND.

3. THE AMBASSADOR RESPONDED THAT THEY HAD NOT EXPECTED THE US TO FUND THE ENTIRE PROJECT, BUT HE WANTED TO ADVISE THAT THE FOREIGN MINISTER WILL RAISE THE ISSUE. HE ALSO NOTED THAT AGUSTSSON WOULD HOPE TO MEET WITH SECDEF, AND MR. DUNCAN SAID THAT WE WILL ANTICIPATE THE POSSIBILITY OF SUCH A MEETING.

4. AMBASSADOR ANDERSEN SPOKE OF HIS LONG EXPERIENCE IN US-ICELANDIC RELATIONS AND HIS OPINION THAT MAINTAINING THE BASE IS REGARDED AS A MILITARY NECESSITY BY THE US. HE THEN OBSERVED THAT WHEN ICELAND REQUESTS SOMETHING FROM THE US, IT SEEMS THAT ICELAND'S STATUS IS SOMEWHERE INBETWEEN, NOT QUALIFYING AS A DEVELOPING COUNTRY, BUT NOT QUALIFYING FOR MUCH ECONOMIC ASSISTANCE ON OTHER GROUNDS EITHER.

5. MR. DUNCAN NOTED AGAIN THAT THE \$25 MILLION AMOUNT WAS MORE THAN A LITTLE, TO WHICH ANDERSEN RESPONDED, "SO IS A BILLION FOR TURKEY, \$700 MILLION FOR GREECE AND WHO KNOWS WHAT FOR THE PHILIPPINES, -- BUT I'VE MADE MY POINT," AT WHICH TIME HE ROSE TO LEAVE AND THANKED MR. CONFIDENTIAL

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DUNCAN FOR SEEING HIM. VANCE

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## Message Attributes

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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009